

Post
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Scandal Won't Stay Under Rug

The Italian Senate recently voted to renew its inquiry into the matter of the Banca Nazionale del Lavoro (BNL). The news was received with satisfaction by House Banking Committee Chairman Henry B. Gonzalez (D-Tex.), who has been the "Lone Ranger" on this smelly international scandal. Only lately did he receive moral support from an outspoken federal judge, who is becoming to the BNL case what Judge John Sirica was to Watergate, that is, someone saying "Wait a minute."

Judge Marvin H. Shoob disconcerted the Justice Department by asking questions in open court about their handling of the case of the little bank that could—the "two-bit Atlanta branch" of BNL, the Italian state-owned giant that sent some \$4 billion in illegal loans and guarantees to Saddam Hussein as part of George Bush's plan to bring Iraq "into the family of nations."

His Honor has also obliged the prosecutors by acceding to their request that he recuse himself from the case. He will not preside over the trial of Christopher P. Drogoul, the 43-year-old branch manager, who, Justice says, is the chief culprit in a case that is a truly major study in government arrogance and government reluctance to find out what was going on.

It is difficult to fathom what facts they feel must be kept from the public: Is it the policy that armed Saddam with chemical and nuclear components so effectively that we eventually had to go to war to stop him, or is it the subsequent efforts to cover up a case which embarrasses three governments—Washington, London and Rome. In London, lately, a case brought against a company that armored Baghdad collapsed when the principal defendant said he was an informant of M-16, Britain's CIA, and had been encouraged to do business with Iraqis so he could spy on them.

Shoob spoke in court approvingly of the report of an earlier Italian senate commission of inquiry, which received maximum cooperation from Congress and none from the Bush administration. The Italian senators established to the judge's satisfaction that BNL headquarters in Rome knew all about Drogoul's "lone wolf" activities, and approved. The Italian effort was triggered by former senator Massimo Riva of the Independent Party of the Left. When he read on Aug. 4, 1989, that the FBI had raided BNL-Atlanta, he smelled a rat. Months of

investigation and several trips to the United States convinced him of the validity of his early suspicion "that this was not just a case of bank fraud but one of international intrigue."

The judge asks many questions—which, of course, should be asked by an independent counsel, an option which Attorney General William P. Barr has so far refused to consider. Instead, he appointed his own special prosecutor, Judge Frederick Lacey, who is to report on Dec. 8.

Drogoul's trial is now set for April. He tried to plead guilty to the 347 counts in the indictment. Justice blocked him from throwing himself on the mercy of the court and talking for five hours to tell all; the prosecutor persuaded him to plead guilty to 60 counts, thereby making him dependent for any mercy on the government—"effectively silencing him," says the judge.

Arrogance, says Shoob, is what made Drogoul think for a year that he would not be brought to trial—he thought too many Italian and American big shots were involved. Arrogance guided the CIA in its breathtaking conduct in the affair. Its Rome office accurately reported the situation: BNL-Rome knew all about Drogoul's activities. Gonzalez read a CIA report implicating BNL-Rome during one of the many lonely hours he spent on the House floor putting the scandal on record. Even so, when Justice, no slouch in the arrogance sweeps, demanded that CIA change its story, CIA, in a letter to the court, complied, despite the presence of the undoctored, and contradictory, version in the Congressional Record.

Shoob wonders about that. He also wonders why the Italian ambassador came to Atlanta to meet with assistant U.S. prosecutor Gale McKenzie or why officials from BNL-Rome met with her.

"I never had a case where the White House was calling an assistant prosecutor in Atlanta to find out how things were going"—which is what the office of White House Counsel C. Boyden Gray did at one point.

Barr has until Dec. 15—when the independent counsel law expires—to name one for BNL. If he doesn't, President-elect Clinton could insist or, failing that, name his own investigator for Justice. Shoob and Gonzalez have foiled the attempt to sweep this particular elephant under the rug. The judge, by the way, thinks that Judge Lacey would be a good choice for independent counsel.